

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
December 6, 2022  
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND  
VIRTUAL VIA MICROSOFT TEAMS

Present: Curtis J. Knapp, President  
Richard A. Larson, Vice President  
Joseph B. Onley, Secretary

Staff Present: F. Colin Willenbrock, General Manager  
Management/District Staff  
Tyler Whitney, General Counsel, virtual  
Karen Willner, Clerk of the Board

Others: Dave Rick, Commissioner-elect  
Gretchen Koenig, Member of the Public  
Don Gronning, Newport Miner, virtual

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, President. He provided a summary and thanked District staff for the work they do and to have a great holiday season.

CONSENT AGENDA:

The minutes from the November 29, 2022 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, December 6, 2022, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The revised agenda for December 6, 2022, and the minutes of the November 29, 2022 meeting.
- Vouchers audited certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified by RCW 42.24.090, have been recorded on a listing, which has been made available to the Board. Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 7572 through 7602 in the total amount of \$50,285.81; ACH payments in the total amount of \$597,423.19; and Wire Transfers in the total amount of \$18,880.95.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics of discussion for this or future workshops. Commissioner Onley noted a discussion he had with Colin Willenbrock, District General Manager.

Mr. Willenbrock reported today's Board Workshop will be an opportunity for any further discussion on the proposed budget and rates. He reported Suzie Wrbelis, District Director of Human Resources, will provide a Consumer Price Index-Wages (CPI-W) presentation.

He reported Commissioner Onley suggested the District send employees to the Northwest Public Power Association's Women in Public Power conference on February 8 – 9 in Reno. Commissioner Onley suggested doing a drawing. Mr. Willenbrock noted the importance of gender equality in public power and commended Ms. Wrbelis for the recruiting work she does.

Ms. Wrbelis provided a CPI-W presentation on employee compensation and benefits. She explained that for non-union employees we use the District salary matrix for setting salaries and performance adjustments while we use the CPI-W for cost of living adjustments (COLA). She reviewed the District's minimum, midpoint, and maximum

grade scale ranges matrix and reported the matrix is calculated based on market indexes and various employment surveys. The COLA wage adjustment rate is set by the Board which if approved, could be effective on January 1. Discussion was held.

PUBLIC HEARING – WATER USE EFFICIENCY PROGRAM GOALS AND PERFORMANCE MEASURES:

Pursuant to notice given to the Newport Miner, a public hearing to present and discuss the proposed Water Use Efficiency program goals and performance measures commenced at 9:00 a.m. There were three members of the public in attendance.

Mark Scott, District Water Systems Manager, provided an overview of the Water Use Efficiency program goals and performance measures and reported a review of our program is required to be done every six years. He reviewed the draft resolution. Discussion was held.

ACTION ITEMS:

- Resolution No. 1467 – Water Use Efficiency Program Goals and Performance Measures. Commissioner Knapp read the proposed resolution. A motion was made by Commissioner Larson and seconded by Commissioner Onley to adopt the resolution. Discussion was held. The motion passed unanimously.

The Board thanked Mr. Scott for the work he and his staff do for the District.

The hearing ended at 9:07 a.m.

INTERNAL RELIABILITY COMPLIANCE POLICY REVIEW:

Mr. Willenbrock explained the Internal Reliability Compliance program and policy at the District. He commended Kevin Conway, District Director of Utility Services, and Angie Hall, District Regulatory Compliance Analyst, for doing a great job working with staff on reliability compliance, which leads to better service for our customers, and compliance in the region.

Mr. Conway reported we conduct an annual review of the policy and the Board's affirmation of continuing with our compliance is what the agencies are looking for.

Ms. Hall provided an Internal Reliability Compliance Policy review presentation. She provided background history which included the Federal Power Act of 2005 that the Federal Energy Regulatory Commission (FERC) enforces. She explained that FERC looks at our program to determine if any non-compliance issues have occurred. She explained the enforcement hierarchy with FERC, the North American Electric Reliability Corporation (NERC), and the Western Electricity Coordinating Council. She reviewed the District's compliance commitment which includes an annual review of our policy and thanked staff for their commitment in allowing us to have a strong internal compliance program. She provided an overview of past on-site audits and self-reported findings and our mitigation process. Mr. Conway explained the importance of self-reporting as our due diligence. Discussion was held. Commissioner Knapp commended Ms. Hall and Mr. Conway for the compliance work they do for the District.

ACTION ITEMS (continued):

- Revised Internal Reliability Compliance Policy. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the revised policy. The motion passed unanimously.

SAFETY SPOTLIGHT:

Commissioner Knapp welcomed Adam Wiltse, District Safety Manager, back to the District following his recuperation.

Mr. Wiltse thanked Commissioner Knapp and commented it is great to be back. He reported December is National Drunk and Drugged Driving Prevention and Awareness month. He explained the importance of having a plan to get yourself home safely from holiday events, to plan ahead, and to not put yourself and others at risk.

Commissioner Onley noted the Good Samaritan Award at the Washington Public Utility Districts Association (WPUA) Annual Conference and suggested submitting a nomination next year for the line crew's assistance with a November 29 vehicle accident in Ione.

#### CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager, reported a new page has been added to the District's website under the Community & Resources page. The new page is titled "Power Transaction with Clark PUD".

The Board thanked her for adding this information.

#### ACTION ITEMS (continued):

- Resolution No. 1470 – 2023 Water System Rates. A motion was made by Commissioner Onley and seconded by Commissioner Larson to adopt the resolution which includes a revised water policy. The motion passed unanimously.
- January Energy Transaction. April Owen, District Director of Finance, reported we are selling 25 MW of surplus energy in the off-peak hours in January. We are holding some power back due to the recent cold weather and low temperatures. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the January energy transaction #2023.01.001 as presented. The motion passed unanimously.
- 32 Telephone Road Electric Service Agreement Amendment. Sarah Holderman, District Director of Customer Services, provided an overview of our customer standard and large industrial contracts. She reported 32 Telephone Road is considered a standard industrial customer and this is a 3-month amendment to extend the term of the agreement. The customer also requested a change to the scheduled load to 2 MW. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to authorize the general manager to execute the agreement amendment as presented. The motion passed unanimously.
- Vaagen Electric Service Agreement. Ms. Holderman reported this is a new agreement and not an amendment. She reported this agreement is for a 1-year term at the current 1 MW load. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to accept the agreement and authorize the general manager to execute the agreement as presented. The motion passed unanimously.
- Declaration of Surplus Property – Information Technology Equipment. Bob Pebles, District Information Technology Manager/CIP Senior Manager, reported the equipment is old and has no use or value to the District and is beyond its age to offer to the local schools. The equipment will be recycled through an e-cycler. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Onley and seconded by Commissioner Larson to declare the equipment as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The motion passed unanimously. Staff will proceed as appropriate.

Following a brief recess, the meeting resumed.

#### BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Knapp asked if there was any business or comments from the public.

Gretchen Koenig, member of the public, inquired if there is an item in next year's budget to provide for added security in PUD substations in light of the recent substation outage in North Carolina. Mr. Willenbrock reported we are having conversations related to the NERC events. Discussion was held. Mr. Conway reported he has a phone call today to discuss the North Carolina substation outage.

Commissioner Knapp thanked Ms. Koenig for her comments and he thanked the public for attending.

BOARD WORKSHOP (continued):

Ms. Holderman provided the CPI change over the past year for the West Region. Tyler Whitney, District General Counsel, reported CPI is based on the spending patterns of industry urban consumers and workers. Mr. Willenbrock provided an overview of inflation adjustment effects. Commissioner Larson would like to defer his decision on COLA to the December 20 meeting. Commissioner Knapp noted that COLA is a big part of our budget.

Ms. Holderman reported the proposed budget is balanced so we don't need an increase in revenue to balance the budget; however, there are some large capital projects coming up and we forecast an operating revenue deficit to fund those projects. Discussion was held.

Discussion was held regarding the proposed electric rates. Commissioner Larson read a summary of items and recommended taking a 3% revenue decrease and splitting the budgeted revenue surplus of \$1.4 M with half going back to the customers. Commissioner Knapp noted there is a high likelihood that a recession is coming and he has always received feedback from customers not to do big rate increases. Mr. Willenbrock explained that a vote to decrease revenues now is a vote to issue bonds in the future. Commissioner Onley commented that he feels a need to give back cash to our customers/ratepayers.

Commissioner Onley made a motion to do a 4.2% electric system rate decrease. Ms. Owen cautioned that we have capital projects coming and we won't have enough cash to fund them without borrowing. Commissioner Onley stated that he doesn't care about his personal credit rating and doesn't care about the District's credit rating. He doesn't want to borrow money. Ms. Holderman provided rate reduction scenarios for residential, commercial, and industrial customers and reported our credit rating is for borrowing money and for doing business with other agencies. Commissioner Larson requested we table this rate discussion. There was no second to Commissioner Onley's motion and the motion died.

Ms. Holderman reported we can do rate adjustments any time during the year. Commissioner Larson asked for the Board's budget and electric rate adjustment decisions at the December 20 meeting. Commissioner Knapp commented that a 0% rate increase could also be considered a reduction in rates due to rising inflation. Commissioner Onley reported he will attend the December 20 meeting virtually.

Mr. Willenbrock reviewed the proposed budget summary that was previously presented to the Board. He suggested that if the Board wants to give back to our ratepayers, do a 0% rate increase so we can absorb the inflationary cost increases, while not taking the utility backwards financially.

Ms. Holderman will provide more electric system rate information and data regarding the COLA wage adjustment to the Board in preparation for the December 20 meeting.

Discussion was held regarding the proposed 2023 Budget.

ACTION ITEMS (continued):

- Resolution No. 1468 – 2023 Budget. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve budget as stated in Resolution No. 1468. The motion passed unanimously.
- Resolution No. 1469 – 2023 Electric System Rates. Discussion was held. A motion was made by Commissioner Knapp to have a 0% increase to the electric system rates in 2023. There was no second to Commissioner Knapp’s motion and the motion died. Commissioner Larson made a motion to table Resolution No. 1469 for the 2023 Electric System rates to the December 20 meeting. Commissioner Onley seconded Commissioner Larson’s motion. The motion passed unanimously.

COMMISSION REPORT:

Commissioner Larson did not have any business since the November 29 meeting.

Commissioner Onley attended the WPUDA Annual Conference on November 30 – December 2 in Spokane and provided an overview. As a Greater Newport Area Chamber of Commerce Board member, he attended the Christmas tree lighting ceremony on December 3 in Newport. He had a conversation with a District employee.

Commissioner Knapp attended the WPUDA Annual Conference on November 30 – December 2 in Spokane. He participated in a virtual Moss Adams 2022 audit interview on December 1. He presented a Heritage Life award to Commissioner Larson which he received at the WPUDA Annual Conference.

COMMISSION BUSINESS:

Commissioner Knapp will attend Energy Northwest meetings on December 14 - 15 in Richland.

Commissioner Larson will attend a Northwest Open Access Network (NoaNet) Board meeting on December 14 either virtually or in Spokane. Mr. Willenbrock reported he will provide NoaNet information to the Board.

Commissioner Onley will attend a virtual WPUDA Telecom/Port Districts meeting on December 12. He will attend the December 20 PUD Board meeting virtually.

Commissioner Knapp announced a 90-minute executive session for an annual performance evaluation of an individual employee to be held in the Newport Conference Room. No final action will be taken during the executive session. If the executive session needs to be extended, he will rejoin this open session to publicly announce an extension. Following this executive session he and the Board will rejoin the open session to take any action if needed.

Following the first executive session, Commissioner Knapp announced a 30-minute executive session for pending and/or potential litigation to be held upstairs in the Riverbend Conference Room. No final action will be taken during the executive session. If the executive session needs to be extended, he will rejoin this open session to publicly announce an extension. Following this executive session he and the Board will rejoin the open session to take any action or to adjourn the meeting. The open session should continue at 1:00 p.m.

He reported the next meeting is December 20 starting at 8:30 a.m., in the Newport Conference Room in Newport and via Microsoft Teams.

Following a commissioner photo shoot, the meeting resumed.

EXECUTIVE SESSION – ANNUAL PERFORMANCE EVALUATION OF AN INDIVIDUAL EMPLOYEE:

A 90-minute executive session on an annual performance evaluation of an individual employee commenced at 11:15 a.m. The following were in attendance: Board of Commissioners; Tyler Whitney, General Counsel, virtually; and Colin Willenbrock, General Manager. Mr. Whitney was excused at 11:35 a.m. Mr. Willenbrock was excused at 11:40 a.m. and rejoined the executive session at 12:17 p.m. The executive session adjourned at 12:43 p.m. The Board returned to open session.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 12:45 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel, virtually. At 1:00 p.m., Commissioner Knapp publicly announced a 30-minute extension of the executive session. The executive session adjourned at 1:30 p.m. The Board returned to open session.

Commissioner Knapp reported the next meeting is December 20 starting at 8:30 a.m., in the Newport Conference Room in Newport and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 1:33 p.m.

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President

ATTEST:

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Secretary

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General Counsel  
Approved as to Form